
CITY OF BALTIMORE

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Mayor



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May 8, 2019

The Honorable Peter Franchot
Comptroller of Maryland
80 Calvert Street
Annapolis, Maryland 21401

Re: Reliability of Stronach Group Attendance and Financial Data

Dear Comptroller Franchot:

The twelve-day meet at Pimlico Race Course, culminating with the Preakness Stakes, produces significant economic benefit and tax revenue for the State of Maryland. Additionally, it is critical to the financial well-being of horseracing in Maryland.

In recent weeks, however, serious questions have arisen about The Stronach Group's stewardship of the Preakness. Almost 7,000 seats in the north grandstand at Pimlico were closed for this year's race solely due to TSG's failure to perform basic maintenance.

Additionally, Maryland Racing Commission documents raise significant questions relating to attendance and revenue at the Preakness meet – which, therefore, may impact state tax collections.

In 2017, The Stronach Group announced that Preakness attendance hit a record of 140,327 and reported that Black Eyed Susan Day attendance was 50,339 – more than 190,000 attendees for just these two days. However, the 2017 Maryland Racing Commission annual report (the most recent available) states that total attendance for the entire twelve-day meet was 121,402. The announced attendance was 57% more than the number the Commission reported.

Additionally, the financial information provided to the Commission by The Stronach Group concerning gate receipts strains credulity. In its most recent available report from 2017, Pimlico Racing Association, Inc. – the Stronach subsidiary responsible for Pimlico – reported that revenue from admission sales was \$4,058,715. As noted above, in 2017, TSG announced that attendance for the Preakness and Black Eyed Susan totaled 190,666, and the Commission reported that total Pimlico meet attendance was 121,402.

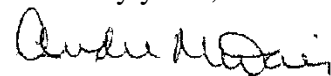
Using the Stronach-announced attendance numbers for just two days – not the entire meet – would result in an average ticket price of \$21.29. The Commission-reported meet total produces an average ticket price of \$33.43. Neither of these figures is credible given that they are far less than the least expensive ticket available on the day when most tickets are sold. For example, in 2017, an infield ticket cost between \$60 and \$100 – and up to \$120 with the Mug Club – depending on when it was purchased.

Most disturbing, however, is that it is not possible to determine what the actual numbers are based on the data The Stronach Group provides to the Maryland Racing Commission. It has provided financial information from two companies: Pimlico Racing Association, Inc. and Laurel Racing Association Limited Partnership. Stronach receives more than \$50 million in taxpayer funds annually for renovations and purses, and is required by law to annually provide financial information related to every one of its companies connected with Maryland racing.

An exhibit in the lawsuits between various members of the Stronach family identifies 176 entities that make up The Stronach Group. A minimum of 14 clearly are connected with Maryland – having Maryland, Laurel or Pimlico in their names. The State of Maryland is owed complete financial data from each of these companies – as well as others that are not as easily identified – in addition to other TSG companies that have a financial relationship with Maryland racing. As currently reported, TSG's numbers simply do not add up, and the state cannot be confident that its huge investment of taxpayer dollars is being protected.

Given the enormous state taxpayer subsidies provided to The Stronach Group, the serious questions raised by dubious attendance and financial data, and TSG's failure to maintain Pimlico where it is required, by law, to run the Preakness, the citizens of Maryland deserve stronger oversight from the Maryland Racing Commission and the rest of our state government. I can assure you that the City of Baltimore and our legislative delegation will continue to redouble our efforts. And I am hopeful that you will agree that this matter is worthy of your attention and leadership.

Sincerely yours,



Andre M. Davis
City Solicitor

AMD/

cc: Senator Craig Zucker, Senate Chair, Joint Audit Committee
Delegate Shelly Hettelman, House Chair, Joint Audit Committee